





**Think**  
**Kentucky**  
Cabinet for Economic Development

Discover What's Inside  
2002 Annual Report



## OPEN SUCCESS.

Pioneers found Kentucky an untapped land of opportunity. Business leaders and entrepreneurs now discover Kentucky's unsurpassed blend of location, climate, low operating costs and a skilled workforce. The Kentucky Cabinet for Economic Development is working in partnership with our award-winning communities and utility providers to help businesses reap the full potential of what Kentucky offers.



Kentucky Economic Development  
Partnership Board

## The Whole **Package.**

Picture everything. Businesses that know the feeling of true fulfillment. Communities that reflect the genuine investments made in their lives. An environment that echoes pride in its heritage. A dedicated team creating economic success with the resources and warmth of its Kentucky home. Unwrap the possibilities.

## Kentucky Cabinet for Economic Development

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## KCED at a Glance

The Kentucky Cabinet for Economic Development (KCED) is the primary state agency in Kentucky responsible for creating new jobs and new investment in the state. KCED's programs are designed to support and promote economic development primarily through attracting new industries to the state, assisting in the development of existing industries, start-ups and assisting communities in preparing for economic development opportunities. Directing and overseeing the work of KCED is the 12-member Kentucky Economic Development Partnership Board.

## Kentucky Economic Development Partnership Board

Governor Paul E. Patton, Chairman  
Commonwealth of Kentucky

Luther Deaton, Jr., Vice Chairman  
Chairman, President and CEO  
Central Bank and Trust Company

William F. Dohn  
Dohn & Dohn Gardens

Secretary Gordon C. Duke  
Finance and Administration Cabinet

Sheila R. Hammons  
Director of Finance  
Cincinnati/Northern Kentucky  
International Airport

William J. Jones  
Division Manager  
U.S. Bank

Secretary Ann R. Latta  
Tourism Development Cabinet

Secretary Henry C. "Hank" List  
Natural Resources and  
Environmental Protection Cabinet

Linda S. McGinnis  
President and CEO  
Appalachian Regional Manufacturing Inc.

Secretary Marvin E. Strong, Jr.  
Cabinet for Economic Development

Jean M. Wells  
Vice President  
Wells Health Systems

Sandra B. Wood  
President  
McLean County Industrial Foundation

Welcome Success



## Forward: From the Governor

Economic development has been a prime focus of our administration since I became Governor seven years ago. One of our six strategies in working toward our mission to achieve a higher quality of life for Kentuckians is to promote economic development.

### **Building on Our Heritage**

While manufacturing drives Kentucky's economy, the state offers much more. It is headquarters for several national companies and the home of such distribution centers as Amazon.com and Wal-Mart. Announced investments for manufacturing and service-related firms for 2002 totaled \$3,252,744,186 and were responsible for the creation of 12,650 new jobs. In addition to our manufacturing and

service industries the Cabinet for Economic Development is working to recruit knowledge-based industries whose products are information, innovation, ideas and technology. The state has grown in the area of biomedical and health-related activities. Our traditional industries – coal, wood products, bourbon and tobacco – continue to be an important part of the economy too.

### **Opening Possibilities**

In Kentucky, we are creating opportunities for our citizens to be prepared for a technological tomorrow. Recognizing the major impact of an available, educated workforce, Kentucky has made a substantial commitment to worker training and continuing education, with a major focus on

Open for Business

advanced technology training. The livability of our state adds to Kentucky's attractiveness as a state to locate in. Kentucky offers natural beauty, a rich history and many artistic and cultural opportunities as well as one of the lowest crime rates in the country, low housing costs and first-rate health care services.

### **Delivering as a Team**

It has been an exciting time to govern our great state. We are transforming the lives of our citizens as we improve economic opportunities and offer top-notch educational opportunities from pre-school through higher education. Our administration doesn't pretend that we've made all this progress alone. In Kentucky we are blessed with the finest

and hardest working citizens anywhere and it has been a pleasure to meet and work with them as they share their dreams for the future.

I'm also grateful for the opportunity to work with business leaders and local and state organizations as well as international companies who have located in our state. Thanks to everyone who has supported us in our progress toward making Kentucky an even better place to live and work.

Sincerely,



Paul E. Patton, Governor

## Executive Summary

Kentucky continues to rank among the top states nationally in many facets of economic development. The editors of *Site Selection* magazine recently designated KCED one of the Top Ten Economic Development Groups in the country. Kentucky ranked 2nd in the 2001 Site Selection Governor's Cup awarded to U.S. states scoring the most points in a 10-part process designed to gauge business expansion success. Innumerable partners in local communities, educational institutions, utility companies, and more are vital to the state's accomplishments.

### **Accessibility, Productivity and Low Costs**

- Kentucky's combination of river, road and rail access makes our transportation system one of the best. Kentucky's worldwide logistics edge makes the state accessible to all points of the globe. Kentucky is the only state with two worldwide cargo hubs – UPS in Louisville and the DHL Worldwide Express U.S. hub in Northern Kentucky.
- The state's high-quality workforce offers a strong work ethic and high productivity levels. In fact, Kentucky's workforce is over 6 percent more productive than the U.S. average.
- Kentucky has the lowest overall cost of doing business in the eastern United States according

to *Economy.com*. Another big advantage for businesses in the state: Kentucky's electric power costs in the industrial sector rank the lowest in the nation.

With over 400 motor vehicle-related facilities, Kentucky is truly in the middle of "auto alley," ranking 4th in the country in total light vehicle production. Five-year automotive investment announcements totaled \$2,457,985,098 and 18,743 jobs (upon full employment). Automotive suppliers appreciate the proximity to their automaking customers in Kentucky including Ford, Toyota and GM. A proven workforce with advanced knowledge in the auto industry is a big factor in the state's attractiveness to automotive companies.

## Set the Standards



Ease of accessibility has contributed to the state's #1 ranking in the primary aluminum industry as measured by value of shipments. The state's central location to aluminum's biggest customer, the automotive industry, has contributed to the industry's success too.

International companies are increasingly zeroing in on Kentucky. In 2002, the firm Air Safety Industrie Comercio chose Kentucky for its first facility outside of Brazil. Kentucky jobs resulting from foreign direct investment grew over 40 percent from 1991 to 1999, compared to the U.S. rate of under 25 percent.

Important keys to success are our close partnerships and open communication with communities across the state. KCED, in cooperation with the Kentucky Industrial Development Council assists communities with their economic development

strategy through community assessment visits. Our existing businesses fuel economic prosperity. Another partnership of KCED, the University of Kentucky, and Kentucky State University is the Business Retention and Expansion Program, supporting ongoing business retention and expansion efforts in Kentucky communities.

Our state has built a strong economic development foundation that has led to our success as a national leader. Through the efforts of Kentuckians across the state we continue to raise the quality of life for our citizens.

Sincerely,

A handwritten signature in black ink that reads "Marvin E. Strong, Jr." with a stylized flourish at the end.

Marvin E. Strong, Jr., Secretary

## Open Accountability.

The difference we are making is because of our team. We are accountable to one another. Accountable to our standards. Accountable to our businesses, people and state. We work together to make things happen and continue to mark the trail of economic achievement.

Set the Standards. Reward Excellence.



## 2002 Governor's Leadership Awards.

Three distinguished Kentuckians received the Governor's Economic Development Leadership Award in 2002. The awards recognize those individuals in Kentucky who volunteer their time and resources for economic development. They are designed to honor those whose vision and leadership have been instrumental in creating jobs and improving Kentucky's local, regional and statewide economy.



**John H. Clarke, Jr.**  
*Maysville*  
Attorney at Law  
Clarke & Clarke  
Attorneys At law



**Dennis T. Dorton**  
*Paintsville*  
President and CEO  
Citizens National Bank



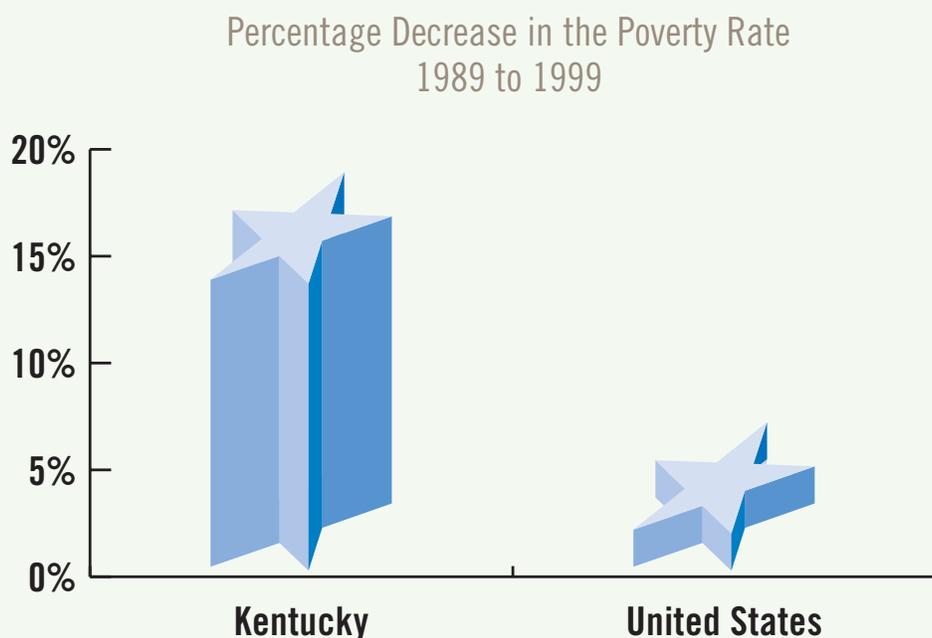
**James A. "Jim" Miner, Jr.**  
*Madisonville*  
Retired Business Executive  
Kerco, Inc.



## Benchmarks

The Kentucky Legislature established in HB 89 the requirement that the Kentucky Economic Development Partnership establish objective benchmarks to measure the performance of Kentucky's economy and progress toward achievement of the mission statement, goals and guiding principles from the Kentucky Strategic Plan for Economic Development (KRS 154.10-140). Benchmarks provide measurable indicators on whether Kentucky is keeping pace

or falling behind compared to the nation and provide an important accountability measure for spending taxpayer dollars on economic development efforts. Six benchmarks were chosen by the Partnership reflecting Kentucky's lower cost of living compared to the nation. Kentucky's cost of living is estimated to be 91.8 percent of the United States Average (45th lowest in the United States plus the District of Columbia)\*.



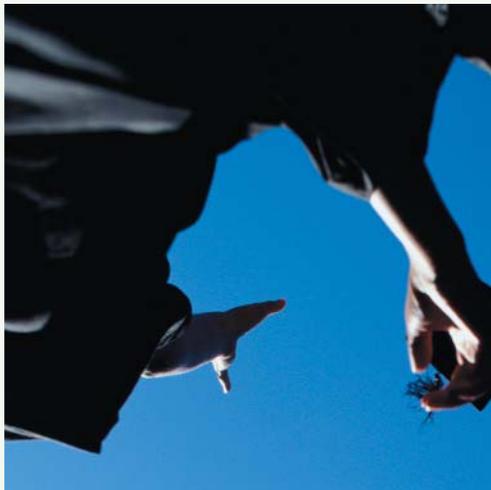
## Kentucky Strategic Plan for Economic Development Benchmarks

	Gross State Product Per Capita (Current \$)	Per Capita Personal Income	Average Wage Per Job	Research and Development Expenditures Per Capita	Poverty Rate	Unemployment Rate
United States	35,238	29,469	34,652	822	12.4%	5.3% P
Kentucky	29,280	24,085	28,100	162	15.8%	5.8% P
Kentucky's Rank	41	40	36	43	40	30
	2000	2000	2000	1998	1999	2002
Kentucky as a % of USA	83.1%	81.7%	81.1%	19.7%	127.4%	109.4%
<b>Kentucky's Targeted Benchmarks as a Percentage of the United States</b>						
2007	86.0%	83.0%	84.0%	35.0%	115.0%	101.0%
2012	88.0%	85.0%	86.0%	55.0%	110.0%	100.0%
2017	90.0%	88.0%	88.0%	75.0%	105.0%	98.0%
2022	92.0%	92.0%	92.0%	92.0%	100.0%	95.0%

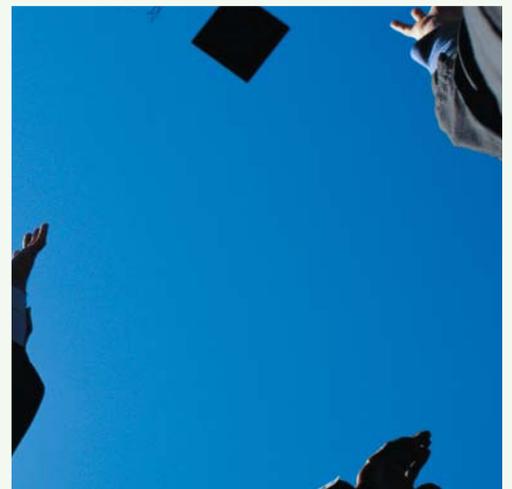
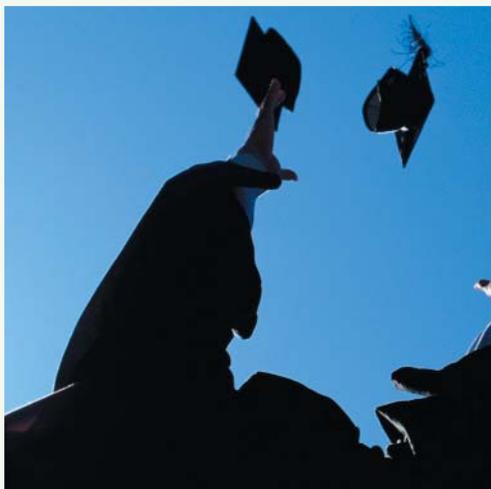
Sources: Data derived from information provided by the United States Bureau of Economic Analysis, United States Census Bureau, United States Department of Labor and the National Science Foundation.

P = Preliminary

Determine Goals



Encourage Development



## Unleash Communication.

We don't always use the standard ways to communicate. It's part of communicating effectively. Creativity plays a role in our business – guiding us in using the most appropriate means necessary to inform others of our capabilities, actions, association and goals.

Invite Involvement. Establish Connectivity.



FLY  
**DELTA**

THE #2 HUB FOR DELTA AIRLINES  
WORLDWIDE IS IN KENTUCKY

## Outreach

KCED's **Division of Small & Minority Business** offers advice on business start-up and planning activities. During 2002, a total of 2,026 inquiries for business assistance were handled, including 743 by direct counseling. Business planning materials placed on the KCED web site generated 9,483 hits, including more than 5,486 downloads of a guide to business planning and 3,927 downloads of companion guides to marketing.

KCED Secretary Gene Strong will join the board of the **Kentucky Industrial Development Council (KIDC)** as an ex-officio member during 2003. The KIDC promotes industrial and economic development throughout Kentucky.

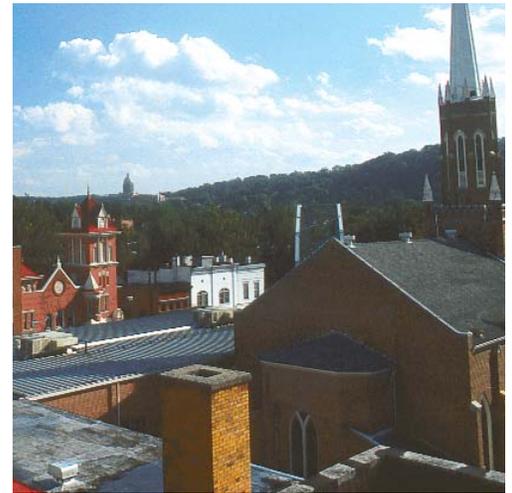
Through the Kentucky Strategic Plan for Economic Development, Objectives 4.1 and 4.2, KCED actively supports **strategic planning initiatives on the local and regional level** throughout Kentucky.

The **electronic newsletter**, which KCED uses to communicate with its economic development partners and business prospects, was honored with a top award of Superior by the Southern Economic Development Council at its annual conference in October. The e-newsletter is housed on KCED's web site, [www.thinkkentucky.com](http://www.thinkkentucky.com).

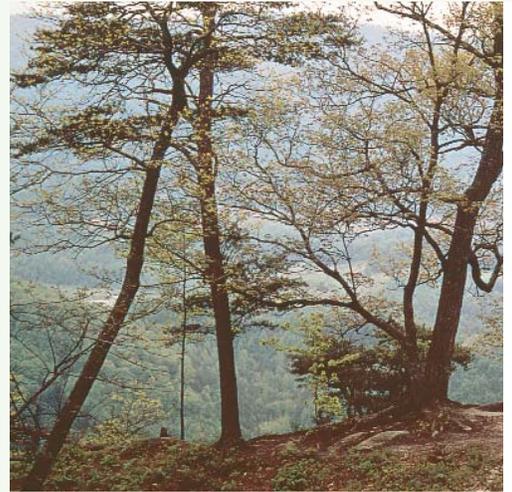
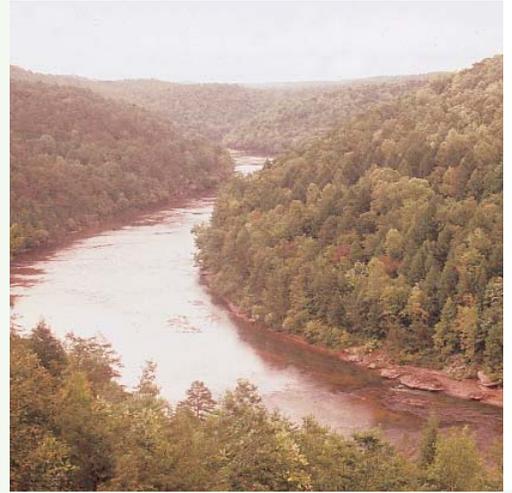
The **Division of Research** added several Kentucky business- and industry-related reports to KCED's web site. New reports now available on the web site include aluminum and auto industry profiles; monthly updated reports on facilities in Kentucky by location, product or service, and alphabetically; new and expanded industry; facility closings; motor vehicle suppliers; and foreign and Japanese investment in Kentucky.

Norris Christian, director of the Division of Small & Minority Business, received the **Kentuckiana Minority Supplier Development Council's** Ferda C. Porter Award for outstanding civic leadership.

## Invite Involvement



The Economic Development Information System (EDIS), located on KCED's [www.thinkkentucky.com](http://www.thinkkentucky.com) web site, is now linked to communities across Kentucky. The EDIS allows economic development partners and business prospects to quickly review sites, buildings and detailed community information. The EDIS can also serve as the foundation for local economic development web sites.



KCED strengthened its support for local and regional strategic planning. Nine multi-county strategic plans are now being used in Kentucky and across state lines to guide economic development initiatives and achievements. These include Ashland, Northern Kentucky, Tennessee Valley Authority, Blue Grass Area Development District, East Kentucky Corporation, Kentuckiana Regional Planning and Development Association, Barren River Area Development District, Paducah Area Regional Industrial Authority, and Southern Kentucky Industrial Development Authority.

## 2002-2003 Strategic Plan

The 1992 Kentucky General Assembly enacted HB 89 to provide for continuity and stability in the state's economic development system, professionalism in the leadership of the primary state economic development agency, and long-range planning to meet the demands of a competitive global economy.

HB 89 mandated the preparation of a state strategic plan for economic development and the creation of the Kentucky Economic Development Partnership. The Partnership is responsible for directing and overseeing the Cabinet for Economic Development and adopting a Strategic Plan.

From the start of the strategic planning process, the Partnership sought broad-based input and participation of public and private individuals and organizations. Public/private sector cooperation remains a driving force in realizing a common mission for improving Kentucky's economy. The first Kentucky Strategic Plan for Economic Development was adopted by the Partnership in May 1994.

With the emergence of the knowledge-based economy, increased global competition, and challenges both new and old for Kentucky, the Partnership completely updated the Strategic Plan for 2002-2006. The updated Strategic Plan for Economic Development 2002-2006 considers broad goals and strategic initiatives outlined by Governor Paul E. Patton and meets legislative

requirements for strategic planning adopted by the 2000 Kentucky General Assembly.

The vision, mission and goals of the Kentucky Strategic Plan for Economic Development 2002-2006 are:

**Vision:** Achieve an economic standard of living for Kentucky above the national average by 2020.

**Mission:** To create more and higher quality opportunities by building an expanding sustainable economy to improve the quality of life for all Kentuckians.

**GOAL 1:** Create a globally competitive innovation process that is fueled by world-class resources and sustained by an entrepreneurial climate, resulting in a continuously higher standard of living for all Kentuckians.

**GOAL 2:** Reduce unemployment and increase per capita income.

**GOAL 3:** Create a globally competitive business environment.

**GOAL 4:** Manage resources to maximize return on investment.

**GOAL 5:** Coordinate the strategic planning efforts of Kentucky state agencies into the implementation of the Kentucky Strategic Plan for Economic Development.

## Strategic Plan Accomplishments

Objective 1.2. Create and maintain a thriving entrepreneurial climate supported by programs that inspire and facilitate the commercialization of ideas.

- The Office for the New Economy created the **Kentucky Innovation and Commercialization Center (ICC) program** as public/private partnerships with six locations to assist entrepreneurs and scientists in commercializing technologies that demonstrate significant market potential.
- **Commonwealth Seed Capital, LLC** was formed to provide early stage investment funds to help Kentucky start-up companies capitalize on the most promising technologies through statewide and regional venture capital funds.

Objective 1.3. Foster and retain a highly motivated, well-trained workforce which can participate and prosper in the New Economy.

- The Office for the New Economy is leading a **joint effort with the Kauffman Foundation Center for Entrepreneurial Leadership** to nurture an entrepreneurial culture through Kentucky's public and private school systems by developing a virtual education system capable of being integrated into primary grades through doctoral level.

Objective 2.1. Recommend restructuring changes to the Kentucky Investment Fund Act to encourage

increased private investment in venture and seed capital financing programs.

- Changes to KIFA were adopted by the 2002 General Assembly in HB 525 to **encourage Venture Capital investing in the Commonwealth**. Applications and procedures were created or amended for the approval of fund managers and investors. Daily operations and marketing of the fund were transferred to the Office of the New Economy.

Objective 2.4. Revise incentive programs to encourage increased wage levels across the Commonwealth considering the economic conditions in each county.

- HB 372 was adopted by the 2002 General Assembly and tax incentive program changes have been implemented requiring **minimum wage and employee benefit criteria** for companies participating in Kentucky's tax incentive programs.

Objective 2.5. Cooperate in the implementation of the Tax Increment Financing (TIF) programs.

- HB 372 passed the 2002 General Assembly providing administrative **procedures for two types of state TIF programs**. Application forms are complete and available to potential applicants.

Objective 3.1. Increase the number of Kentucky companies expanding into global markets.

- Business clients have been recruited and prepared for trade shows in Mexico and South America. **New resources are being developed to increase the number of export companies,** including PowerPoint presentations and hand-outs to assist in export-related issues such as EC Marks, freight forwarding, banking, legal, trade show participation and NAFTA. KCED is working with bankers, freight forwarders, attorneys and other trade agencies to do export seminars and provide extra marketing assistance.

Objective 3.2. Create an integrated web site based marketing program for KCED program areas.

- KCED web site design is now integrated with a theme, look and message consistent with KCED's other print and marketing materials.

Objective 3.3. Continue enhancement of Kentucky Economic Development Information System by developing Cabinet-wide systems that improve efficiency, eliminate redundancy, improve management capacity and enhance marketing message.

- **The EDIS web site underwent a major revision** in look and feel. The online databases were migrated from Access to SQL Server.

Objective 4.1. Review multi-county strategic planning for economic development, including those for metropolitan areas which cross state borders, to

determine appropriate state participation in the implementation and promotion of regional efforts.

- **Nine multi-county strategic plans are currently in use** in the state and across state lines including Ashland, Northern Kentucky, Tennessee Valley Authority, Blue Grass Area Development District, East Kentucky Corporation, Kentuckiana Regional Planning and Development Association, Barren River Area Development District, Paducah Area Regional Industrial Authority and Southern Kentucky Industrial Development Authority. Common plan objectives are infrastructure development, skills training and marketing. Both formal and informal structures are used, including training consortiums, marketing agreements and priority funding for infrastructure.

Objective 4.2. Actively support communities in preparing and implementing comprehensive local and multi-county economic development plans.

- **Economic development organizations in the state were contacted** to determine who actively uses a local strategic economic development plan. Copies of 48 various plan documents were obtained. Each plan is being reviewed with regard to content, process and cost of development, ease of implementation and overall effectiveness. The information is being used to update KCED's "Community Inventory Questionnaire: Necessary Data for the Local

Developer.” The improved document will serve as a basis for promoting strategic plan development at the local level. Initial design work has begun on a handbook to assist communities with economic development strategic planning.

Objective 4.4. Improve electronic means of communicating and transacting with clients and local economic developers.

- **KCED now publishes a quarterly e-newsletter.**
- Business and industry directories are available on KCED’s web site.
- New and expanded industry and foreign investment reports are available on KCED’s web site.

Objective 4.6. Create web-based resource directory for entrepreneurs and business owners to access technical assistance resources available throughout the Commonwealth.

- **The resource directory identifies assistance programs at the state and federal level.** Entrepreneurs and business owners can access the resource directory based on type of business assistance needed: formation, research, startup, sustaining or growth.

Objective 5.1. Coordinate with the Tourism Development Cabinet on joint implementation of tourism strategic planning initiatives.

- KCED continues to work with the **Tourism Development Cabinet** on implementation of TIF

legislation. KCED also has a representative on the steering committee of the **Cultural Heritage Tourism Strategic Plan**.

Objective 5.2. Coordinate with the **Natural Resources and Environmental Protection Cabinet** on joint implementation of environmental strategic planning initiatives.

- Staff members of the Natural Resources and Environmental Protection Cabinet were identified to work with KCED staff on Objectives 2.7 and 3.4.

Objective 5.3. Coordinate with the Agricultural Development Board on joint implementation of agricultural strategic planning initiatives.

- KCED staff assists with location and expansion of agribusiness processing plants, including a trip with Agriculture officials on a client recruitment visit to Chicago. Secretary Strong is on the board of the **Agricultural Development Board**.

Objective 5.4. Coordinate with the Workforce Development Cabinet on joint implementation of workforce strategic planning initiatives.

- Staff members of the **Workforce Development Cabinet** were identified to work with KCED staff on Objectives 2.6, 4.3 and 4.5. KCED staff serve on the Workforce Alliance, along with staff from the **Council on Postsecondary Education**, Cabinet for Workforce Development and the **Kentucky Community and Technical College**

**System.** The Workforce Alliance guides the implementation of SB 1, the Adult Education and Literacy Act, from the 2000 General Assembly. Through the Workforce Alliance the Department for Adult Education and Literacy committed \$300,000 in FY 02 and \$500,000 in FY 03 to BSSC to fund Workplace Essential Skills training activities.

Objective 5.5. Coordinate with the Education, Arts, and Humanities (EAH) Cabinet on joint implementation of education, arts and humanities strategic planning initiatives.

- Staff members of the EAH were identified to work with Cabinet staff on Objectives 3.5, 4.1 and 4.2. EAH staff joining KIDC and becoming involved in the **Community Assessment program** sponsored by the Cabinet. Joint project to develop quality of life information for each county between EAH and Cabinet staff initiated. KCED has a representative on the steering committee of the Cultural Heritage Tourism Strategic Plan.

Objective 5.6. Coordinate with the Transportation Cabinet on joint implementation of transportation strategic planning initiatives.

- Staff members of the **Transportation Cabinet** were identified to work with Cabinet staff on Objectives 2.6 and 3.4. The Cabinet is routinely contacted for comment on major road plans and their potential affect on industrial park access. The Cabinet participated in public meetings for

the Transportation Cabinet’s visioning process for future transportation needs and public meetings on the I-66 project. The Cabinet has a written economic development road access policy with the Transportation Cabinet for recruitment and expansion projects.

Objective 5.7. Coordinate with the Council for Postsecondary Education on joint implementation of postsecondary education strategic planning initiatives.

- Staff members of CPE were identified to work with KCED staff on Objectives 2.6, 3.5 and 4.5. Two Cabinet staff members serve on the **New Economy Workgroup**. The Office for the New Economy is coordinating with CPE on the implementation of the Commercialization, Rural Development, and Research and Development Funds.

## Establish Availability

## Community

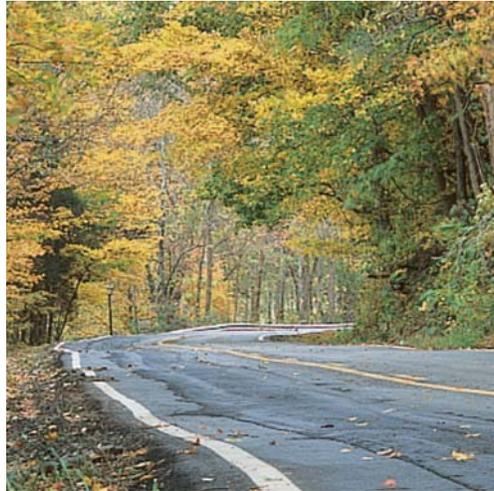
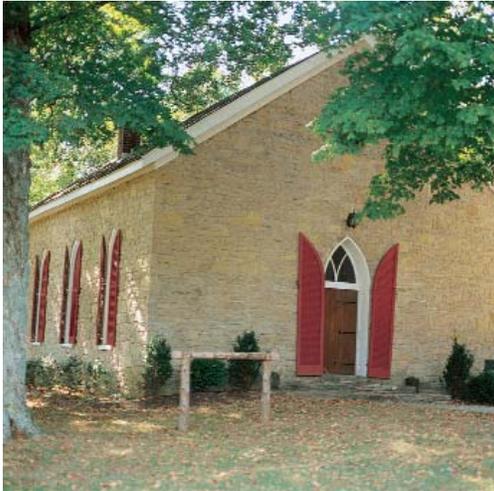
Kentucky's communities have been identified as a crucial resource and partner in the state's economic development. This important relationship is outlined in Objectives 4.1, 4.2 and 4.4 of the Kentucky Strategic Plan for Economic Development.

Through its ongoing partnership with the [Kentucky Industrial Development Council](#), KCED assisted in holding one-day workshops on the economic development process. The workshops are directed to basic education for local elected officials and development board volunteers. In 2002, more than 120 persons attended the workshops held in Beaver Dam, Prestonsburg, Somerset and Campbellville.

KIDC and KCED also partner to provide community assessments to help direct the efforts of selected

local economic development programs. A two-day program is held in each community, utilizing a volunteer team of evaluators to examine local resources and a trained consultant to facilitate discussion sessions with local leaders. A formal report, outlining specific action steps and timelines, is provided to the community following the visit. During 2002, [community assessment programs were held in Ohio, Monroe and Caldwell Counties](#).

For the seventh consecutive year, KCED solicited nominations statewide for individuals to honor with a Governor's Economic Development Leadership Award. The awards are designed to acknowledge outstanding leadership and accomplishments at the local level and to inspire others to be active in their communities.



The Business Retention & Expansion program offered by KCED increased activity during 2002, with programs completed in Oldham, Taylor and Logan Counties. This program is centered on a series of interviews with key local businesses to gain their insight into the community's environment for nurturing business growth. The extension service programs of the University of Kentucky and Kentucky State University are key partners, providing survey analysis and report writing for each community effort.

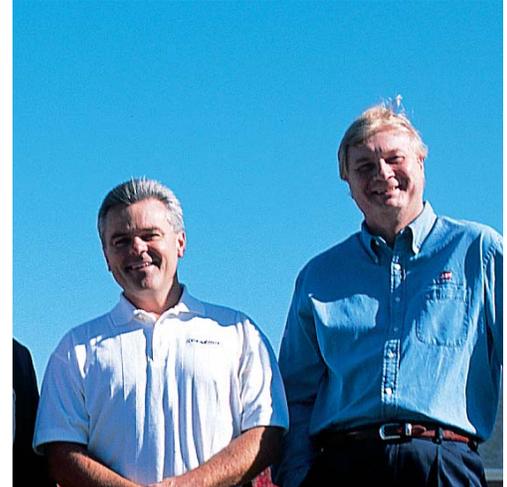
## Deliver Productivity.

Facilitating some of the top goods and services companies in the world doesn't come easy. It is the mark of an intense workforce, clear vision, able environment and a crew of movers and shakers.

Invite Involvement. Anticipate Needs.



Facilitate Growth



Kentucky's electric power costs, in the industrial sector, are the lowest in the nation. KCED works closely with local economic development groups and representatives of Kentucky's utility providers, such as those shown above, to meet the energy needs of new and existing businesses.

## Business Climate

The Kentucky Cabinet for Economic Development was designated as one of the **Top Ten Economic Development Groups** in the country for 2001, based on bringing large-scale corporate expansion projects to the state (*Site Selection*, May 2002). The success that the KCED has experienced is reflected in the strong growth of Kentucky's economy, most notably in the manufacturing sector, and in the high rankings that have been achieved in numerous business climate categories.

Ranking as the **twenty-first fastest growing economy** in the U.S., as measured by percentage change in gross state product (1990-2000), Kentucky's manufacturing base grew dramatically during the decade of the '90s. Manufacturing employment in Kentucky grew by over 6 percent from 1990 to 2001, the twelfth highest growth rate among the 50 states, while the national rate declined by over 7 percent.

As a contribution to overall Gross State Product (GSP) during this period, **manufacturing's share of 26.7 percent gives Kentucky the second spot nationally**. Kentucky has a strong industrial base of steel, aluminum, chemicals and machinery production, driven by massive resources of water, low-cost electric power and reasonably priced barge, rail and truck transportation.

The strength of Kentucky's business climate is evidenced in the following rankings and accomplishments.

- **Kentucky ranked 2nd in the 2001 *Site Selection* Governor's Cup** awarded annually to U.S. states (scoring the most points in a 10-part process designed to gauge business expansion success the previous year).
- In addition to being the second nationally in manufacturing, **Kentucky is squarely in the middle of "auto alley"** – ranking 4th in the U.S. in total light vehicle production.
- As measured by value of shipments, Kentucky ranks as the number one state in the primary aluminum industry.
- **Eleven Kentucky communities ranked in *Site Selection* 2001's Top 100 Small Towns** for corporate expansion, according to their March 2002 issue. The communities are Bowling Green (5), Danville (6), Bardstown (18), Frankfort (22), Elizabethtown (32), Franklin (50), Shelbyville (50), Glasgow (63), Madisonville (63), Lebanon (79), and Campbellsville (88).
- **Kentucky has the lowest overall cost of doing business in the eastern U.S.** according to the economist with *Economy.com*. The *North American*



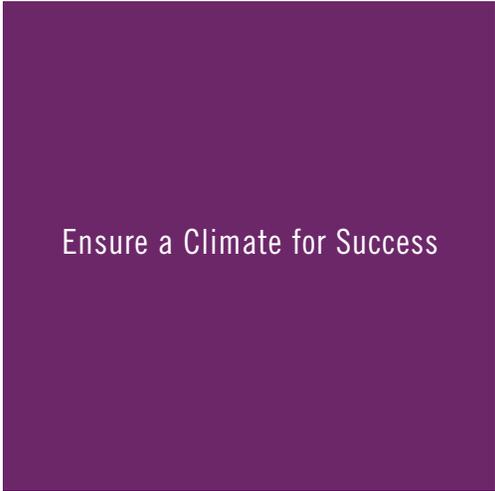
*Business Cost Review*, 9th edition, measures the cost of doing business within a state for unit labor cost, tax burden, and energy cost. Kentucky has the 7th lowest cost nationally with a state index 10 percent less than the national average.

- *Site Selection* magazine (November 2002) ranked Kentucky 10th in its 2002 Top 25 State Business Climate Rankings. Kentucky ranked ahead of all seven of its border states.
- Kentucky's workforce is 6.08 percent more productive than the U.S. average, and Kentucky ranks 13th among the 50 states in GSP per wage for 2000. GSP per wage shows the amount of value added by the workforce per dollar in wage, providing a useful measure of workforce productivity.

- Kentucky's Mexico Trade Office received the Kentucky World Trade Center's 2002 "World Trade Success" Award in recognition of its work as an international service provider.

- In a joint analysis of state and metropolitan area logistics factors, *Expansion Management* and *Transportation & Distribution* magazines awarded Kentucky the 6th highest overall state ranking for logistics (*Expansion Management*, September 2001).

- The Cincinnati/Northern Kentucky International Airport was rated the 2nd best U.S. airport for 2002 in a survey conducted by London-based Skytrax Research. Frequent travelers from 77 nations ranked airports based on criteria such as ease of use, convenience, terminal comfort and security.



## Ensure a Climate for Success

- *Expansion Management* magazine (October 2002) ranked Kentucky's Bluegrass State Skills Corporation (BSSC) 9th among all state programs for facilitating customized business and industry training for new, expanding and existing companies.
- *Site Selection* magazine (November 2002) ranked Kentucky 2nd in the nation in attracting new and expanded food facilities (August 2001 – August 2002). Nearly 30 food and beverage operations announced locations or expansions in Kentucky in 2002.
- Cognetics, a Massachusetts-based consultant firm, in its report "Entrepreneurial Hot Spots: The Best Places in America to Start and Grow a Company – 2001," ranked Kentucky 19th among the states for entrepreneurial hot spots.

Among large metro areas Louisville ranked 9th and for small metro areas Lexington ranked 10th as best places for entrepreneurs to start and grow a company.

Numerous other accolades and favorable business rankings have been awarded to Kentucky by such respected business publications as *Area Development*, *Expansion Management*, *Plants Sites & Parks* and *Site Selection*.



## Existing Business Assistance

Kentucky offers some of the strongest and most innovative programs in the nation for supporting and nurturing existing businesses. KCED's Business Information Clearinghouse responded to over 17,000 hot-line calls for assistance in 2002.

KCED's [Division of Business and Entrepreneurship](#) includes the Business Information Clearinghouse, the Kentucky Procurement Assistance Program and the Commonwealth Alliance Program.

During 2002, the [Business Information Clearinghouse](#) responded to 17,207 hot-line calls for informational assistance. Information packets were sent to 2,891 callers.

The [Procurement Assistance Program](#) has an active client base of 1,542 firms, which reported a total of more than \$80 million in government contracts obtained during 2002. This program

also held 28 training events and provided 1,851 one-on-one counseling sessions.

The Alliance Program assisted in the creation of [The Alliance Primer](#), a 150-page guide to alliance formation. During 2002, the program conducted 13 workshops, held 119 one-on-one counseling meetings, and provided 28 in-depth consulting sessions to business clients.

The [Bluegrass State Skills Corporation \(BSSC\)](#) awarded grants totaling \$2,249,662.49 to fund 97 projects to 81 Kentucky companies in 2002. BSSC also approved 11 training consortia projects

for funding, totaling \$656,323.75. The BSSC Skills Training Investment Credit Program provided \$2,435,493.35 in tax credits for 46 projects in 2002.

KCED assisted three companies in making new capital investment to reverse declines in productivity that might lead to plant closure. By doing so, more than 800 existing jobs will be retained, while new planned investment will exceed \$77 million.

- **Hill's Pet Nutrition, Inc.** is expanding its Bowling Green facility to accommodate a new product line that uses new technologies to develop pet foods. The \$30 million project will create 18 new jobs and retain 161 existing jobs.
- **CC Metals and Alloys, Inc.** produces ferroalloys for the steel and foundry industries at its Calvert City plant. A total of \$2.26 million is being invested to improve operational efficiencies and retain 166 existing jobs.
- **Mothers Cookie Company**, recently acquired by the Keebler Company, is a longstanding bakery operation in Louisville. A \$45 million capital investment program will revitalize and rehabilitate the facility, retaining at least 500 jobs.

KCED's **International Trade division** in Frankfort continued to build its client base in 2002, assisting 74 new clients, while handling 145 new requests from existing clients. A total of 91 businesses attended seven seminars on exporting.

The **Mexico Trade Office** worked directly with 25 Kentucky companies, 15 of which were first time clients, and produced 10 market research reports for target industries. For the fourth time, Kentucky companies participated in a major environmental trade show, which produced more than 60 qualified leads. A successful trade mission was conducted in Mexico City and Monterrey for firms from Appalachian Kentucky.

The **South America Trade Office** worked directly with 34 Kentucky companies and produced seven market research reports for target industries. Eight Kentucky companies participated in two trade shows in South America for the mining and computer software industries. Over the course of the year, the Office has established and nurtured relationships with business groups in six South American countries.

## Anticipate Needs



## Incentives

The [Kentucky Economic Development Finance Authority \(KEDFA\)](#) approved a total of \$16,870,982 in direct loans to 21 different borrowers, including both new and existing businesses as well as local industrial authorities. The loans approved will help create or retain a total of 1,134 new jobs in Kentucky over the next two years.

KEDFA also approved six single-county projects, seven multi-county projects and four job-training projects for approximately \$13.6 million under the [Local Government Economic Development Fund \(LGEDF\)](#). The major portion of the money committed was for new economy projects, job training, engineering and acquisition. These projects represent the creation or retention of 568 jobs. Since the LGEDF is now 10 years old, eligible counties and authorities are capturing a significant amount of repayment. In calendar year 2002, at least three projects were approved for use of repayment totaling approximately \$750,000.

The [Kentucky Economic Opportunity Zone Act \(KEOZ\)](#), provides tax credits to companies that establish new or expand existing manufacturing, service or technology operations in a qualified zone. Qualified zones are located in areas with high unemployment and poverty levels. There were four communities and six Kentucky Rural Economic Development Act ([KREDA](#)) qualified counties as of the end of 2002. KEDFA has approved two projects totaling \$3.13 million for service and technology companies in Hardin and Pulaski counties.

As of December 31, 2002, 38 companies were preliminarily approved for an accumulative total of \$56,281,748 in approved costs under the [Kentucky Jobs Development Act \(KJDA\)](#). The projects represent the creation of 3,005 new Kentucky tax-paying jobs with average annual gross wages of \$41,137 or average hourly wages of \$19.78. There were also 18 companies who received final approval for total approved costs in the amount of

\$81,108,779 creating 3,659 new Kentucky jobs with average annual gross wages of \$35,810 or average hourly wages of \$17.22.

A total of 45 companies received preliminary approval under the KREDA program from January 1, 2002, through December 31, 2002. These 45 companies are anticipated to invest approximately \$2.2 billion and create 3,056 new jobs in Kentucky's higher unemployment counties. During the same period, 21 companies finalized their KREDA transactions resulting in new private investment of \$418,732,000 and the creation of 2,226 jobs.

The [Kentucky Industrial Development Act \(KIDA\)](#) program was instrumental in 50 companies deciding to expand or locate new operations within the state during the period of January 1, 2002, through December 31, 2002. These 50 companies are anticipated to invest approximately \$770 million and create 3,997 new jobs. An additional 26 companies completed their KIDA transactions during the same period resulting in 2,544 new jobs and private investment of approximately \$370 million.

The [Economic Development Bond Program](#) made bond funds available to four different projects across the state totaling \$8,463,000 during the calendar year 2002. The Industrial Revenue Bond Issue Program funds made available \$42,500,000 for two projects.

The [regional business park](#) program in 2002 acquired over 585 new acres with an option obtained for 250 more. The program includes nine established parks, and three proposed parks. The site for one of the three proposed parks has been identified and KEDFA has approved funding

for preliminary engineering and acquisition costs. For 2002, spec buildings have been completed at EastPark, Gateway, Coalfields and Southeast Parks. Spec buildings are also being planned for Honey Branch, MMRC and 4Star Regional Business Parks.

[Magoffin County Development Authority](#) requested a \$200,000 job-training grant to assist an outbound and inbound call center to locate in Salyersville. Interactive Teleservices will utilize the grant funds to train local residents for the work skills required for employment at their facility. They are a growing privately owned company headquartered in Columbus, Ohio, and expected to create 186 jobs.

[Bell County Fiscal Court](#) secured approval of a \$53,340 job training grant to assist Mountain Tarp and Awning to expand. The company currently has 54 employees and due to this expansion plans to hire an additional 17 employees for a total of 71. The company manufactures and installs tarps and tarping systems for dump trucks and open-top trailers and will invest \$565,000 in this project for building purchase, equipment and other general improvements.

[Pine Mountain Industrial Development Authority](#) secured KEDFA authorization of \$1.5 million in funding for the acquisition of acreage for the Pine Mountain Regional Park. This park will be built on a site located approximately nine miles outside of Pineville on Highway 119 toward Harlan. A total of 500 acres with an option for 250 more will be acquired. The Department of Transportation will finance a bridge and road to the site. Five counties participating in the Authority are Bell, Letcher, Harlan, Knox and Whitley.



Invest in the Future

## New Economy

### *Kentucky First – Madison Avenue Launch Team*

Transfer of funding was made to the Commonwealth Seed Capital LLC for investment in a private pharmacy cluster venture being made by Madison Avenue Launch Team in Covington. Funding will be used to acquire companies, products and technologies in the pharmaceutical industry. The LLC will become an equity investor in these activities.

### *Center for Pharmaceutical Science and Technology – University of Kentucky Research Foundation*

Renovation and construction of additional square footage will be undertaken to increase the manufacturing capacity of the Center for Pharmaceutical Science and Technology on the Coldstream Research Campus in Lexington to attract companies to central Kentucky and to encourage the development of intellectual property.

### *Drug Research and Manufacturing Facility – UK Research Foundation*

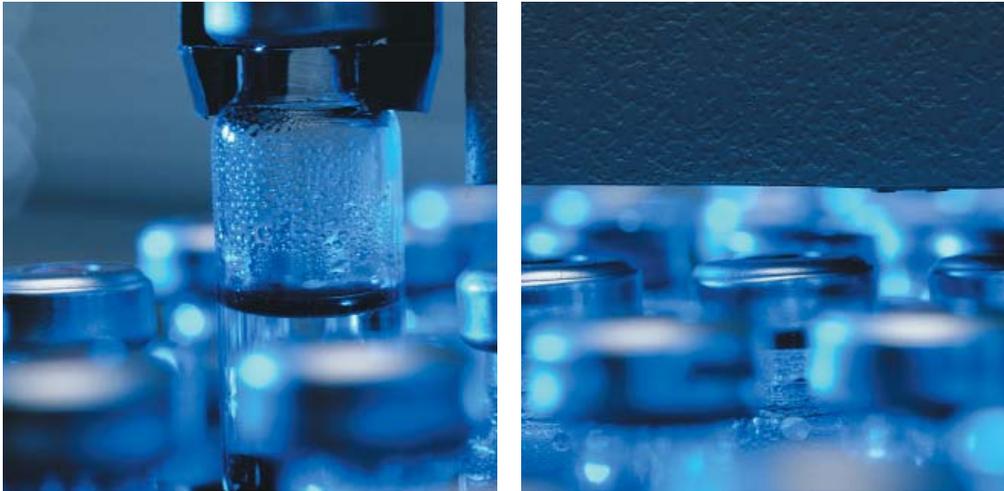
Funding will enable the hiring of personnel with significant pharmaceutical, business, and manufacturing experience for the Center for Pharmaceutical Science and Technology.

### *Cardiac Assist – Louisville Research Foundation*

Funding will expand the Research Resources Center that provides research animal services to university-sponsored activities – in this instance, for animals involved in cardiovascular Innovation Institute research.

### *Regional Center for Emerging Technology – Murray State University*

Funding will support the Regional Center for Emerging Technology that will be responsible for



coordinating the activities of the Kentucky Innovation Act for the western 21 counties of the state.

*ConnectKentucky – Bowling Green*

Funding allowed ConnectKentucky to evaluate how prepared Kentucky is to participate in global electronic commerce readiness.

*Visioning Center – UK Research Foundation*

A visualization center in the College of Engineering at UK will be established, specifically to hire faculty researchers and provide the necessary infrastructure.

*Northern Kentucky University – Center for Information Technology*

Funding supports the start-up and initial development of the Institute for New Economy Technologies,

whose purpose is to connect the high tech companies moving into the Northern Kentucky University region with the technological, human, and programmatic resources of the university.

*Safety and Security – Project Development – Eastern Kentucky University*

Funding will establish the Public Safety and Security Institute for Technology in the Justice and Safety Center at ECU. This will have the potential of attracting a federal research institute to be housed at Fort Knox.



## Legislation

Kentucky's business climate was strengthened by the passage of several key pro-business bills during the 2002 Kentucky General Assembly.

### SB 120 – CONSTITUTIONAL AMENDMENT RELATING TO CORPORATIONS

Repeals outdated constitutional restrictions on the incorporation of Kentucky businesses, allowing the General Assembly to adopt modern laws similar to those followed by most states. The amendment allows the state to keep up with changes in technology and new ways of conducting business in the 21st Century and to pass business regulations that are effective and competitive while providing public protections.

### SB 121 – CORPORATION ORGANIZATION AND OPERATION

Provides corporations with the ability to conduct business by electronic means including: filing for incorporation and corporation amendments, fee payment, appointment of proxy votes and others. Allows corporation boards to adopt minor articles of amendment for shares of stock, without shareholder approval. Gives corporation boards the authority to issue shares for tangible or intangible property of benefit to the corporation, including cash, promissory notes, services performed, contracts for services to be performed, or other securities of the corporation. Unless otherwise provided for in the articles of incorporation,

shares may be issued pro rata and without consideration to the shareholders or to the shareholders of one or more classes or series. Allows meetings and voting to be held by remote communication.

#### HB 372 – ECONOMIC DEVELOPMENT PROGRAM MODERNIZATION

##### *Tax Increment Financing*

Clarifies TIF legislation by specifying three distinct TIF programs: Local Revenue Only Development Areas, Infrastructure Development Areas, and Project-Specific Development Areas.

##### *Kentucky Rural Economic Development Act*

Authorizes a third method for determining KREDA eligible counties considering unemployment, educational attainment levels, and access to quality roads.

##### *Kentucky Jobs Development Act*

KJDA minimum job creation requirement before receiving tax credits or wage assessments reduced from 25 to 15 employees.

##### *Wage and Benefit Standards*

A company applying for tax credits under KREDA, KIDA, KJDA, and KEOZ, will be required to meet threshold wage and benefit standards for at least 90 percent of its full-time employees.

#### HB 525 – NEW ECONOMY

##### *Local Occupational Taxes on Investment Income*

Prohibits counties having a population of 30,000 or more and cities from collecting license fees or occupational taxes on investment partnerships if that investment would not be taxable if individually held.

##### *Research Facilities State Income Tax Credit*

Creates a new section of KRS Chapter 141 to define terms for a research and development income tax credit. The new tax credit is available to new and existing businesses that construct, remodel, expand, or equip research facilities, but does not include replacement property. The income tax credit allowed equals 5 percent of qualified costs for “construction of research facilities” for “qualified research” as defined in Internal Revenue Code Section 41, and may be carried forward for ten years.

*State Income Tax on Non-resident's Investment Partnerships*

Prohibits the taxation of nonresidents on investment income distributed by a qualified investment partnership that would not be taxed to the nonresident if held individually.

*New Economy Organizational Infrastructure*

The Kentucky Innovation Act is amended to codify the Innovation and Commercialization Centers (ICC) into law. The ICCs are public-private partnerships operating a statewide infrastructure that provides business-building and related services to Kentucky's entrepreneurs, faculty and scientists. The centers link scientists and entrepreneurs with the innovation-related funding tools created under the Kentucky Innovation Act.

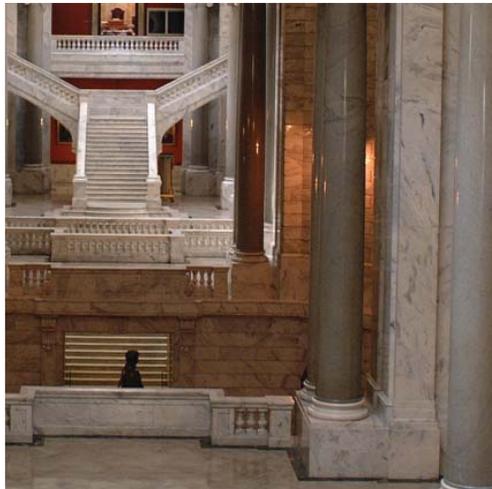
*Kentucky Investment Fund Act (KIFA)*

HB 525 amended KIFA to encourage increased venture capital formation. KIFA offers a 40 percent tax credit against personal and corporate income

tax and corporate license fees to investors in investment funds. The Commonwealth, through the KEDFA, approves investments and fund managers. Removes stringent investment schedules and investor management requirements.

*Kentucky Securities Act*

Amends the Kentucky Securities Act to more broadly permit a manager of a venture capital investment partnership to receive a "carried interest" on the gains of the partnership or a performance-based fee. Amends the Kentucky Securities Act to provide an exemption from investment adviser registration for KEDFA-approved investment fund managers. Amends Kentucky Securities Act to expand the small offering exemption by not counting "accredited investors" towards the 15 Kentucky purchaser limit, and provides an increase to the total amount of securities that an issuer may offer from \$500,000 to \$1,000,000.



## Reveal Accessibility.

At a glance, having access to the resources, support and information necessary to thrive in Kentucky could be deceiving. Closer examination will reveal a clear path to a well-oiled machine. It is what makes doing business, living and working in Kentucky so lush.

Reap Benefits. Engineer the Future.



INTERSTATE  
65

Auto Alley  
↓

R X R

*Riverport*

INTERSTATE  
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NORTH  
INTERSTATE  
71

## Major Location Announcements



World-renowned Pella Windows will open a manufacturing facility in Murray, creating 1,000 new jobs over several years. Fifty-two companies chose Kentucky for new operations in 2002, representing an increase of nearly 6,000 jobs.

Thirty-two manufacturing operations announced investments in Kentucky during 2002, representing 3,455 new jobs and new investments of over \$245 million in the state. During this same time period, 20 new supportive/service operations announced investments, creating another 2,298 new jobs with a total of new investments over \$2.2 billion.

**Advanced Receivables Strategy (ARS)** is a division of Perot Systems. ARS will lease 24,500 feet of the Western Kentucky University Center for Research and Development in Bowling Green. ARS will invest approximately \$10 million and employ up to 375 Kentuckians. ARS will use the Kentucky facility as a hub for its business office consulting and receivables management practices for the healthcare industry.

**Arvin Sango, Inc.**, established in Madison, Indiana, selected an existing 70,000 square-foot building in Campbellsburg for its expansion project. The company is an automotive supplier providing exhaust system assemblies, side-door impact beams, tubular manifolds, instrument panel reinforcement subassemblies and body panel stampings. The project represents an investment of \$11.5 million and 64 jobs.

**Hitachi Cable** will expand into Kentucky establishing a new plant in Russell Springs to make automotive parts. The company will invest \$6.4 million and create 100 new jobs.

**J.M. Smucker LLC** announced it will construct a 140,000 square-foot facility on approximately 50



The Pella Corporation  
Murray, Kentucky

acres in Scottsville, KY, investing over \$50 million. The company will employ 200 people within the first three years of operation and will produce frozen food products.

**Kentucky Aluminum Processors**, a secondary aluminum smelter locating in Russellville, plans an \$11 million investment employing 60 persons and growing to 160.

**Nichidai** will construct a 30,000 square-foot building on 10 acres of land in the Richmond Industrial Park II making automotive parts. Investment is expected to be \$10 million and employment will initially be 30 people.

**The Pella Corporation**, a manufacturer of windows and doors, will locate a new facility in Murray. Pella anticipates initial employment of 320 people, growing to 1,003 with a \$45 million investment.

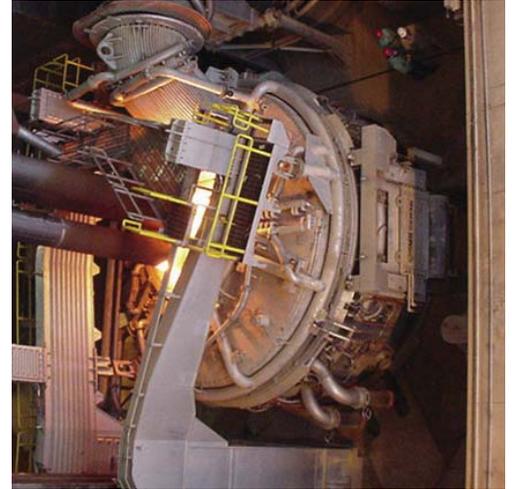
**U.S. Bank Home Mortgage** will begin a loan processing and underwriting service center operation

in Owensboro. Employment is expected to be 96 new jobs at activation with average gross wages projected to be \$19,045.

**ViaCord** opened an umbilical blood storage facility in Hebron. The project represents 130 full-time jobs by 2004 with a total investment of \$9 million.

**Walsh Dohmen**, a pharmaceutical wholesale company, will locate in the Kingbrook building in Simpsonville. Walsh Dohmen will supply drugstores in most of Kentucky, all of West Virginia, and parts of Ohio and Indiana. The company projects first-year sales at this facility totaling \$225 million and \$750 million in three to four years.

**Waltex** is a design and build manufacturer of automated welding equipment for the automotive industry. Their second U.S. facility is being built in Bowling Green. The company will build a 20,000 square-foot facility employing 35 people.



## Major Expansion Announcements

North American Stainless will invest \$100 million to expand its melting, rolling and finishing facility in Carroll County. More than 400 expansion projects creating nearly 7,000 new jobs were announced during 2002.

During 2002, announced expansion projects resulted in total capital investment of more than \$1 billion, creating 6,967 new jobs. Three hundred sixty-six manufacturing operations announced expansions in Kentucky during 2002 representing 5,661 new jobs and more than \$974 million in new investment in the state. During this same time-period, 63 new supportive/service operations announced investments, creating another 1,306 new jobs with a total new investment of more than \$45 million.

**Aisin Automotive Casting** announced a \$41 million expansion of its Lily plant in Laurel County. The producer of water and oil pumps and pistons will add 180 new jobs.

**Alcan Aluminum Corporation**, the nation's third largest aluminum producer and fabricator, is

expanding its Logan Aluminum facility in Russellville. The \$37.57 million expansion project will include a 50,000 square-foot building addition and new equipment for coating aluminum sheets. The project will create 50 new jobs.

**CTNA Manufacturing Limited Partnership** (Continental Tire) at Mayfield announced a \$12.27 million expansion that will add 158 new jobs and significantly increase tire production at its Mayfield facility.

**Daicel Safety Systems America** announced an expansion of its airbag inflator production operation in Beaver Dam. The \$13.3 million project will add 71 new jobs at the facility.

**Mikron Industries, Inc.** is an integrated manufacturer of custom polyvinyl chloride profiles and accessories



North American Stainless  
Ghent, Kentucky

used in the production of windows and doors. The company, headquartered in Kent, Washington, opened its Richmond facility in 1995. A new \$16.4 million expansion project will double the output capacity of the plant by adding 146,000 square feet of building space and 160 employees.

**North American Stainless**, a melting, rolling, and finishing facility for stainless steel, announced the addition of a \$100 million “long product” production facility. Another 250 new jobs will be created with this expansion, bringing the company’s total investment at Ghent above \$1 billion and total jobs to more than 1,000.

**Richmond Auto Parts Technology** announced a \$30 million expansion of its automotive transmission gear production facility in Richmond. A total of 125 new jobs will be created.

**The Timken Company** opened operations in Winchester in 1997 to manufacture forged steel bearing rings for the automotive industry. The operation is a joint venture with Timken, Sanyo

Special Steel, and Showa Seiko-Co. A \$21.66 million expansion will add 19,000 square feet to the facility and will create 80 new jobs.

**Webasto Roof Systems** announced a \$17.7 million expansion of its sunroof and roof system production operation in Lexington. The company will add 100 new jobs.

**Wild Flavors, Inc.**, a leading supplier of natural flavor and color extracts to the food and beverage industry, located in Kenton County in 1995. The company currently employs 225 persons and plans to enter into a joint venture with a major beverage producer for the production and packaging of new products. This \$60 million expansion includes the purchase of a 522,000 square-foot facility and the creation of 123 new jobs.

**ZF Lemforder** announced an \$18.35 million expansion of its Hebron facility. A total of 130 new jobs will be added in its production of control arm brushings, strut mounts and other rubber parts.



Glitterwrap Inc.  
*Madisonville, Kentucky*

From food to automotive to gift wrap, new manufacturing projects announced in Kentucky during 2002 came from all sectors. Among the 31 new announcements was Glitterwrap, Inc. which will develop a 345,000 square-foot facility in Madisonville.

## New Manufacturing

New manufacturing firms with 25 or more employees

County	Company	Employees	Investment \$	Product
Allen	J.M. Smucker LLC	200	51,000,000	Frozen food products
Breckinridge	Whitworth Stampings	100	4,085,000	Automotive, bedding, electronic metal stamping
Calloway	Pella Corporation	1,003	45,000,000	Windows and doors manufacturer
Crittenden	Martin's Recycled Products, Inc.	55	3,995,000	Rubber mulch
Crittenden	Par 4 Assemblies Inc.	160	7,650,000	Light assembly
Graves	Turbo Aftermarket Inc.	25	840,000	Parts for centrifugal compressors
Hancock	Bluegrass Silica Company	40	3,918,000	Processes raw sand into high-quality silica
Henry	Arvin Sango, Inc.	64	9,500,000	Automotive exhaust systems
Hopkins	American Tool Company LLC	40	8,700,000	Equipment for pulp, paper and nonwoven products
Hopkins	Glitterwrap Inc.	82	6,600,000	Manufacturer and distributor of wrapping papers and related products
Logan	Kentucky Aluminum Processors	160	11,000,000	Secondary aluminum smelter
Lyon	Alliance Surface Finishing, LLC	150	10,272,000	Electroplated injected molded plastic parts machining and grinding services
Lyon	Seapac, Inc.	50	10,825,000	Processing, blending and grinding of plastics/chemicals
Madison	Asahi Forge of America Corporation	45	17,530,000	Press forging for the automotive industry
Madison	Nichidai America Corporation	30	7,230,000	Automotive steel dies, tooling and machine parts, and filtration systems
McCracken	National Railway Equipment Company	286	7,400,000	Re-manufactured locomotives and component parts
Monroe	Sapko International Inc.	200	1,400,000	Manufacture and distribute clothing
Nelson	Johnan America Inc.	200	2,035,000	Automotive door window regulators and sunroof units
Russell	Hitachi Cable	100	6,376,000	Automotive parts
Taylor	Air Safety Kentucky	50	2,350,000	Respiratory protection equipment
Union	Fleury Michon	250	8,000,000	Premium refrigerated meals
Union	The Little Kentucky Smokehouse	50	2,140,000	Ham distribution
Warren	Waltex Inc.	35	2,226,517	Automatic welding machines, automated industrial machines, and robots for the automotive industry
Woodford	Osram Sylvania Inc.	115	8,297,000	Warehousing and distribution facility
Totals:	24	3,490	238,369,517	



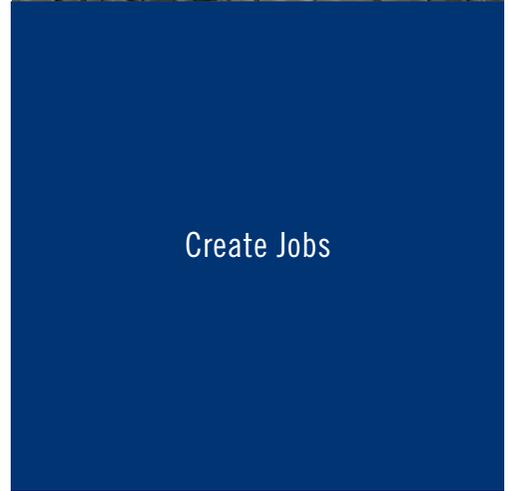
Aisin Automotive Casting  
*London, Kentucky*

The automotive industry continued to accelerate in Kentucky during 2002. Among the 77 vehicle-related expansions announced was Aisin Automotive Casting in Laurel County, which produces die-cast aluminum engine parts for Toyota and other automakers. Aisin will invest \$43 million and add 180 new jobs to create a Kentucky workforce of 680.

## Expanding Manufacturing

Expanding manufacturing firms with 25 or more employees

County	Company	Employees	Investment \$	Product
Barren	Mallory AC Capacitor LLC	50	581,000	AC motor start capacitors
Barren	Suntec Industries Inc.	35	4,510,000	Fuel pumps for the oil heat market
Bell	Cumberland Gap Provision Company	75	2,000,000	Smoked ham & sausage processing
Boone	DURO Bag Manufacturing Company	120	3,500,000	Polyethylene & paper bags
Boone	Ellison Surface Technologies	30	3,885,000	Aircraft engine part coating service
Boone	Keco Industries Inc.	104	5,111,725	Aerospace air conditioning & ground support equipment
Boone	Plasti-Line Cincinnati Inc.	50	120,000	Painted, plastic & screened signs; wood, plastic and metal displays
Boone	ZF Lemforder Corp	130	18,354,942	Rubber & metal bushings
Boyd	Corbin Ltd.	150	2,350,000	Men's & women's clothing; coats, jackets, skirts, blouses, shirts, suits, trousers & shorts
Boyle	Philips Lighting Company	53	22,880,000	Glass bulbs & tubing
Carroll	North American Stainless	250	100,000,000	Stainless steel coils
Carroll	North American Stainless	50	160,961,000	Stainless steel coils
Casey	Clementsville Fabricating	25	1,140,140	Agricultural equipment: hay movers, creep feeders, squeeze chutes & automatic head catchers
Casey	Green River Gate Inc.	25	1,013,000	Metal farm gates
Clark	Timken Company	80	21,660,000	Hot forged steel bearing rings
Crittenden	Par 4 Plastics Inc.	160	7,650,000	Custom injection & molded plastic products
Fayette	Phoenix Metal Technologies	50		Automotive parts, seating components
Fayette	Webasto Roof Systems Inc.	100	17,707,700	Automotive sunroofs
Franklin	Topy Corp	77	9,900,000	Automobile wheels
Graves	CTNA Manufacturing	158	12,269,000	Automotive and SUV radial tires
Hancock	McElroy Metal Inc.	30	1,355,110	Steel & aluminum fabricating
Hardin	Dana Corporation	150	27,405,000	Pickup truck/SUV frames
Hardin	Mouser Custom Cabinetry LLC	43	1,163,975	Custom wooden kitchen & bath cabinets & vanities
Hardin	Summit Polymers Inc.	80	1,810,000	Injection molded thermoplastics
Harrison	Farmers Tobacco Company of Cynthiaiana	32	993,000	Cigarettes
Henderson	Gamco Products Company	25	100,000	Nonferrous & zinc die castings
Henderson	Gibbs Die Casting Corporation	100		Aluminum & magnesium die castings
Henderson	Sonoco	25	8,800,000	Aluminum & steel can ends
Hopkins	Ahlstrom Engine Filtration LLC	58	4,240,000	Specialty paper products
Jackson	Jackson Co Rehabilitation Industries	25	500,000	Wire harnesses
Jessamine	Alltech Biotechnology Center Inc.	41	527,000	Natural animal feed additives, fuel alcohols, brewing & distilling products
Jefferson	Alpha Machine Tools Inc.	47	2,500,000	Belt conveyors & pallet racks, production fabrication & machine building, production machine parts
Jefferson	Premier Packaging Inc.	48	1,913,000	Manufacture corrugated boxes, distribute industrial packaging goods
Jefferson	United Graphics Inc.	25	1,100,000	Commercial printing, business forms, wearables, advertising specialty products
Kenton	Molded Container Corporation	60		Screen printing & advertising specialties
Kenton	Wild Flavors Inc.	123	41,124,000	Beverage products
Kenton	DURO Bag Manufacturing Company	80		Paper bags



Create Jobs



Mikron Industries  
*Richmond, Kentucky*

More than 360 manufacturing firms announced Kentucky expansions in 2002 including Mikron Industries, the largest state-of-the-art extruder of vinyl window and door profiles in the U.S. The Mikron East production facility in Richmond will add 160 new jobs.

## Expanding Manufacturing (continued)

Expanding manufacturing firms with 25 or more employees

County	Company	Employees	Investment \$	Product
Knox	Northern Contours of Kentucky Inc.	45	1,500,000	Laminated cabinet doors & drawer fronts
Knox	Southeastern Kentucky Rehabilitation Industries Inc.	125	1,430,189	Various products for the DOD including new PCU Cold Weather Systems
Laurel	Aisin Automotive Casting LLC	180	41,000,000	Transmissions, water and oil pumps, pistons for the automotive industry
Laurel	Classic Metal Vaults	25	4,750,000	High-quality lined concrete and metal burial vaults
Laurel	Flav-O-Rich	30	5,000,000	Milk processing, ice cream mixes, milk and orange juice packaging
Laurel	Laurel Cookie Factory	50	2,000,000	Cookies, crackers & potato chips
Logan	Alcan Aluminum Corporation	50	37,575,000	Aluminum rolled sheet stock
Madison	KI-USA Corporation	50	12,050,000	Machined, metal stamped & cationic painted automotive parts & components, arc & resistance welding
Madison	Mikron Industries Inc.	160	16,400,000	Window profile extrusions
Madison	Richmond Auto Parts Technology	125	15,000,000	Automotive transmission gears
Marion	NSU Corp	25	2,000,000	Muffler component parts for ATVs
Mason	Wald LLC	25	118,000	Conveyor system components
McCracken	Dippin' Dots Inc.	75	2,095,000	Ice cream, yogurt, sherbets and flavored ices.
McCracken	Vinyl Window Technologies & AKS Inc.	40	1,500,000	Vinyl windows
McCreary	Lesportsac Inc.	100	3,000,000	Softside luggage & sport totes & bags
Ohio	Daicel Safety Systems America LLC	71	13,313,000	Inflators for automotive airbags
Oldham	Nexans Magnet Wire	37	6,500,000	Magnet wire
Pulaski	New Life Industries Inc.	45	750,000	Screen printing
Shelby	Noble Metal Processing - Kentucky LLC	40	2,880,900	Metal stamping & laser welding
Simpson	Franklin Precision Industry	66	9,870,000	Assembly of automotive throttle bodies & charcoal canisters, injection molding
Simpson	Quebecor World	26	6,500,000	Catalog & magazine rotogravure printing
Union	Jim David Meats	50		Ham and deer processing
Warren	Capitol Window & Door	25	115,000	Vinyl replacement windows
Warren	General Motors Corporation	128		Automobiles
Warren	Huish Detergents Inc.	61	8,956,097	Detergent
Warren	Mercury Plastics Inc.	100	10,000,000	Polyethylene films, plastic bags & packaging materials
Warren	SCA Hygiene Products	37	17,046,000	Adult diapers
Washington	Springfield Products Inc.	40	1,000,000	Automobile armrests & interior plastic parts
Wayne	Monticello Flooring & Lumber	50	1,250,000	Hardwood flooring
Webster	Pioneer Plastics Inc.	30	2,000,000	Refrigerator parts, restaurant supplies and custom injection molding
Webster	Tri-Valley Plastics Inc.	25		Custom injection & blow molded plastic products
Totals:	68	4,700	\$714,723,778	



ViaCord, Incorporated  
*Hebron, Kentucky*

ViaCord, the largest umbilical cord blood banking and research and development company, opened a blood storage facility in Boone County. The firm quickly announced an expansion, bringing total job creation to more than 170 over several years. At least 21 new supportive/service operations were announced in 2002 representing over \$2 billion in new investment in Kentucky.

## New Supportive Service

New supportive/service firms with 25 or more employees

County	Company	Employees	Investment \$	Product
Boone	Innotrac Corporation	90	1,800,000	Distribution/fulfillment center
Boone	KeyMRO America, Inc.	35	350,000	Internet purchasing service center
Boone	ViaCord	130	8,000,000	Banking of umbilical cord blood
Bullitt	Union Tools, Inc.	108	900,000	Distribution of lawn and garden tools
Daviess	U.S. Bank Home Mortgage	96	960,000	Loan processing and underwriting service center
Jefferson	CCO Property LLC	266	6,744,162	Regional operations center
Jefferson	Summit Energy Services	26	520,000	Research and development center
Jefferson	Video Monitoring Services of America, LP	175	950,000	Media service center
Kenton	Kroger Company	75	600,000	Corporate data center
Magoffin	Interactive Teleservices Corporation	186	1,263,950	Telemarketing service center
McCracken	Liberty Propane Gas LLC	139	3,116,000	Call center and headquarters
Muhlenberg	Thoroughbred Generating Company LLC	110	1,981,400,000	Coal-fueled electric generating station
Pulaski	Northstar Technology LLC	150	10,580,904	Customer support call center
Shelby	Walsh Dohmen	250		Pharmaceutical distribution
Warren	Advanced Receivables Strategy, Inc.	375	3,133,800	Office consulting services and accounts receivable management for the healthcare industry.
Warren	IBSA (International Business Solutions Alliance)	25	634,260	Administrative service facility
<b>Total:</b>	<b>16</b>	<b>2,236</b>	<b>2,020,953,076</b>	



Fort Knox National Company  
*Elizabethtown, Kentucky*

Fort Knox National Co. announced an expansion of its FKNC Call Center operation in Hardin County adding 160 new jobs. FKNC handles more than \$15 billion in annual payments for over 750 corporate clients including 25 in the Fortune 500. The 61 expansions announced by supportive/service firms in 2002 will mean new investments in Kentucky of nearly \$45 million.

## Expanding Supportive Service

Expanding supportive/service firms with 25 or more employees

County	Company	Employees	Investment \$	Product
Barren	R & S Pharma LLC	25	962,500	
Boone	ADVO, Inc.	40	800,000	Mail marketing services
Boone	Gap Inc.	100	6,000,000	Distribution center
Boone	ViaCord	46	1,028,034	Banking of umbilical cord blood
Christian	Trace Industries Inc.	25		Sheltered workshop
Hardin	Fort Knox National Company	160	2,478,843	Call center
Hardin	Optioncare	30	2,955,000	Closed door pharmacy & durable medical equipment provider
Jefferson	ADP Inc.	64	1,099,380	Administrative services - health/welfare services, 401K plans
Jefferson	Advanced Imaging Concepts Inc.	30	503,400	Software provider.
Jefferson	Exel Inc.	55	192,000	Warehouse, distribution
Jefferson	Exel Inc.	55	1,943,055	Warehouse, distribution
Jefferson	First Commonwealth Mortgage Corporation	45	403,250	Loan processing headquarters
Jefferson	First Residential Mortgage Network Inc.	84	865,423	Loan processing center
Jefferson	Real Estate Title Services LLC	27	203,670	Title search and loan closing facility
Jefferson	Soletron Global Services USA	220	1,243,405	Mobile telephone service center
Jefferson	TMG Real Estate and Financial Services LLC	25	134,840	Regional mortgage lending center
Kenton	Optimum Pay Inc.	25	1,000,000	Electronic payment services
Totals:	17	1,056	21,812,800	
GRAND TOTALS:	125	11,482	2,995,859,171	

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